

### **What is the Penny Trust Fund?**

The Penny Trust Fund is a permanent trust fund approved by the voters of Alabama to provide for public health initiatives and health-related public school programs. It provides a great way for Alabama families to honor or memorialize a loved one by making a tax deductible contribution to the fund with the proceeds being used to benefit health care for the young and elderly of our state.

Amendment 512 of the Constitution of Alabama created the Penny Trust Fund. It states:

- (a) There shall be established and maintained the "penny trust fund" within the state treasury to promote the public health and the public schools. Citizens may make voluntary donations to the penny trust fund. All donations and funds received shall be held in perpetual trust and shall not be subject to legislative appropriation or otherwise expended.
- (b) Earnings, including accrued interest and dividends, shall be retained in the penny trust fund, not subject to appropriation until the state treasurer certifies that sufficient moneys exist in the Fund or until the fiscal year which begins in 2000, whichever comes first; then and afterward, only 90 percent of the prior fiscal year's earnings to be subject to appropriation. Capital gains taken on the sale of any securities shall revert to the principal of the penny trust fund.
- (c) Funds in the penny trust fund are to be managed and invested by the state treasurer who may receive funds from any source not prohibited by law.
- (d) Fifty percent of the earnings subject to appropriation shall be dedicated to the programs and projects which promote the public health, and 50 percent dedicated to the public schools.
- (e) The legislature shall have power to implement this amendment by appropriate legislation.